

## Message Text

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51

ACTION EUR-25

INFO OCT-01 ISO-00 SCEM-02 SCI-06 SSO-00 NSCE-00 INRE-00

USIE-00 INT-08 EB-11 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 ACDA-19 IO-14 TRSE-00 CIEP-02 STR-08 OMB-01

COME-00 FPC-01 DRC-01 EURE-00 /161 W

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O 141943Z NOV 73

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 2085

INFO AMCONSUL VANCOUVER

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E.O. 11652: N/A

TAGS: ENRG, CA, US

SUBJECT: BRITISH COLUMBIA ACTION ON NATURAL GAS.

1. EMBOFF CONTACTED NATIONAL ENERGY BOARD (NEB) VICE CHAIRMAN FRASER CONCERNING BRITISH COLUMBIA (B.C.) ACTION ON NATURAL GAS. FRASER SAID NEB HAD FIRST LEARNED OF B.C. MOVE YESTERDAY, NOVEMBER 13.

2. FRASER DESCRIBED NEW SITUATION, WHICH HE SAID "CHANGES ALL THE RULES OF THE GAME," AS FOLLOWS: (A) NEW B.C. ENERGY CORPORATION (A PROVINCIAL CROWN ORGANIZATION) HAS NEGOTIATED AN AGREEMENT WITH WESTCOAST TRANSMISSION UNDER WHICH IT IS ASSIGNED ALL OF WESTCOAST'S SUPPLY CONTRACTS. ENERGY CORPORATION TAKES TITLE TO THE GAS AT THE WELLHEAD AND WESTCOAST ACTS AS AGENT FOR TRANSPORTATION PURPOSES. (B) WESTCOAST WILL EFFECT TRANSPORTATION AT PRICES DETERMINED BY THE B.C. ENERGY COMMISSION. EFFECTIVE IMMEDIATELY THE PRICE TO B.C. HYDRO (PRINCIPAL CANADIAN CUSTOMER OF WESTCOAST) HAS BEEN RAISED TO 58 CENTS, UP FROM PRESENT 31 TO 32 CENTS PER MCF. (C) UNDER

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FORMULA WHEREBY EXPORT PRICE MUST BE AT LEAST 105 PERCENT

OF THE PRICE CHARGED DOMESTIC CUSTOMERS, COST PER MCF TO EL PASO RISES ACCORDINGLY TO 61 CENTS. (D) WESTCOAST WILL RETURN TO B.C. ENERGY CORPORATION ALL REVENUES ABOVE COST AND SOME "FAIR RETURN." ENERGY CORPORATION WILL THEN TAKE OFF AN UNDETERMINED "ECONOMIC RENT" AND THE REMAINDER WILL BE RETURNED TO THE PRODUCERS.

3. AT THIS HOUR, ENERGY MINISTER MACDONALD AND NEB OFFICIALS ARE URGENTLY MEETING WITH B.C. ATTORNEY-GENERAL AND B.C. ENERGY OFFICIALS TO OBTAIN ADDITIONAL INFORMATION AND TO TRY TO DETERMINE SERIOUS IMPLICATIONS OF B.C. ACTION.  
SCHMIDT

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NATURAL GAS, TRANSPORTATION, EXPORT PRICES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 14 NOV 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** garlanwa  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** n/a  
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**Office:** ACTION EUR  
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**Original Handling Restrictions:** n/a  
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**Page Count:** 2  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** garlanwa  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 06 SEP 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <06-Sep-2001 by smithrj>; APPROVED <14-Nov-2001 by garlanwa>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** BRITISH COLUMBIA ACTION ON NATURAL GAS.  
**TAGS:** ENRG, CA, US  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005